

Legislative Federal Economic Stimulus Program Oversight Commission
12/29/09

I. Meeting called to order- 10:00 AM

Members present-

Representative Michael Magaoay- House of Representatives member
Mark Anderson- appointee of the Governor
Kate Stanley- appointee of the Speaker of the House
Aaron Johanson- appointee of the House Minority Leader
Michael Kitamura- appointee of Senator Akaka

Members not present-

Kyle Chock- appointee of the Senate President
Amy Asselbayer- appointee of Congressman Abercrombie
Jennifer Sabas- appointee of Senator Inouye
Josh Wisch- appointee of Congresswoman Hirono
Senator Shan Tsutsui- Senate member

Others present- Judy Fomin- office of Representative Magaoay; Keira Kamiya- office of Senator Tsutsui; Ted Baker- Legislative Reference Bureau; members of the public

II. Adoption of Minutes

Approval of minutes of the Commission's meetings 12/15, 22, and 29/09 was postponed until the Commission resumes its meetings following the 2010 legislative session

III. General Business

- The Chair will prepare a revised schedule for the counties to make presentations to the Commission following the legislative session
- Mark Anderson will continue to send reporting updates

IV. Overview of Federal Stimulus Funds

A. Presentation of the State Department of the Attorney General, (AG), by Lisa Ginoza, First Deputy Attorney General

1. Highlights

- The AG was awarded 5 grants that will permit continuation of existing programs and additional funds for specific projects
- The Byrne Justice Assistance Grant included an additional \$6.4 million that will be distributed to state, county, and other criminal justice programs consistent with the existing process for this ongoing grant program; with 18

of 23 project contracts already executed, this award will create or retain 30 jobs

- The AG was awarded a \$1 million Violence Against Women Act formula grant and administrator has been hired with contracts to be executed in the second quarter of 2010
- The AG received a \$585 thousand Victim Assistance formula grant that is subgranted on a percentage formula to the county prosecutors to be used in their offices or by contract with subgrantees
- The AG was awarded a \$463 thousand Internet Crimes Against Children (ICAC) formula grant that will be used to partially fund an existing General Fund supported Deputy AG position to assist in prosecution and to create an IT specialist to assist to support the forensic computer specialist
- The AG (Child Support Enforcement Agency (CSEA)) was awarded \$1.4 million in federal incentive funds that may be used to generate an ARRA funding match of \$2.8 million that will be used to enhance the existing child support enforcement and improve posting of child support payments by employers through a data clean-up project

2. Discussion

- It's not clear if there will be other funds available to support the ICAC IT specialist after 2013 when ARRA funds for that purpose will be depleted
- Unlike other grant funds that may be encumbered now and expended later, ARRA funding for CSEA is generated as money is spent; certain expenditures will generate a 2/3 match award, others a 2/3 reimbursement award
- The AG has also facilitated 19 federal training sessions in fraud /abuse prevention for more than 1,400 State and county employees; the Office of the Inspector General will be doing more training in 2010
- The AG has done training for state departments on ARRA contracting, review process, positions, and the requirements for different types of contracts
- The duration of positions created with the Byrne Justice Assistance Grants is contract specific and lasts for the life of the contract which is always the case with grant funded positions; grantees are always asked to develop a plan to sustain program positions when grant funds are exhausted

- The CSEA funding restored the ability to use incentive funding for the match requirement; there may be long term plans in Congress to make this permanent but it is unclear what the impact will be if this change is not made; 20 positions are mostly higher clerical ones being used in the process of digitizing case records, which allows regular staff to do their day-to-day work; an attorney and investigator have been added to pursue delinquent cases; CSEA has also been able to retain one person who would have been lost due to the RIF
3. Documents: The AG's answers to the Commission's questions and summaries of the competitive grant awards have been posted to the Commission's website
- B. Presentation of the Office of the Governor by Linda Smith, Senior Policy Advisor
1. Highlights
- The Governor's objective with regard to State Fiscal Stabilization Funding as it relates to education is to look at the federal requirements and determine how to leverage the funds and build on the No Child Left Behind program
 - The State has been awarded \$192.2 million in formula funds; the Part A funds (distributed in two rounds of 2/3 and 1/3) amount to \$157.2 million and are for stabilizing education funding; Part B funds, in the amount of \$35 million are discretionary government services funds, meaning they can be spent on prisons, road systems, and similar core government programs
 - There will be 2 Race to the Top applications; the first round will provide valuable feedback from the federal government, even if the application is not successful, that can be used for the second round application
 - The Race to the Top applications will allocate funds between lower and higher education
 - The US DOE has clarified the deadlines for obligating and expending ARRA funds
 - Distribution of ARRA funds has been pursuant to MOA's that set benchmarks for what can be achieved through spending of the funds; the MOA's have 5 elements: (1) establishing a common educational reform framework; (2) documenting a commitment to participate in common core state educational standards; (3) mandate standards for obtaining a diploma/degree, with benchmarks for the period from 2010 to 2018; (4) establish data sharing system and governance for system; and (5) set timetables for performance
 - The Governor is committed to spending Part B funds on education

- Of all ARRA/SFSF funds awarded received, \$110 million has been allocated to elementary and secondary education and \$47 million to higher education; of the \$105 million has been received, authorization has been given to distribute \$52 million for primary and secondary education (including \$4 million to the Charter Schools Administrative Office) and \$21.7 million to higher education
- Draw downs against the federal money are being done on a reimbursement basis; there is a 3 to 5 day turnaround in payments to avoid paying interest to the federal government on held funds

2. Discussion

- Most of the Part B money is for STEM programs (including robotics and math) with "HIST academies" at each level of education; these expenditures will help the State fulfill the assurances it had to make to obtain the money and position the State in the Race to the Top competition
- There are 18 months to make the case to the BOE and the Legislature that funding for these programs be made part of DOE's base funding
- The "cliff effect" will strike not just programs being supported by Part B funds but also those stabilized by Part A funds
- There is a \$16 million balance for Part B that could be used to: (1) support struggling schools by providing highly qualified teacher; (2) fund assessments for ESL and special education students; (3) fund the longitudinal data study; and (4) elevate the performance of certain schools and the socio-economic groups represented by their student body
- The role of the Governor's Office in overseeing ARRA spending is directed by the Chief of Staff, Commission member Mark Anderson, and others; weekly meetings are held on the status of the program, hurdles to be crossed, and tracking funds
- No MOA is required for expenditure of Part B funds; funds are distributed based on submissions that address how money is to be spent, goals to be achieved, and related matters

3. Documents: The Office of the Governor's answers to the Commission's questions and summaries of the competitive grant awards have been posted to the Commission's website

4. Follow-up: The Commission requested that the Office of the Governor forward the email from the US DOE regarding clarifying obligation and expenditure deadlines

V. Summary of Observations

A. The Commission Chair summarized a number of themes and observations drawn from the first round of Commission meetings

- While some ARRA funds are for new programs, for example in education and transportation, others are flowing through existing streams, including those distributed as formula grants
- ARRA funding has required establishment and tracking of new kinds of deadlines, including obligation and expenditure
- There will be a pronounced "cliff effect," especially in Medicaid and education that will present the State with big funding challenges come FYs 2012 and 2013
- The jobs created/retained computation according to federal and state criteria
- The State is pursuing many competitive grants

B. Discussion

- Most of the funding will come and be spent in early 2010
- FMAP and SFSF funds have been very useful in stabilizing budgets
- Commission presentations have given the departments a chance to be heard as they head into the 2010 legislative session
- Still to be seen is how ARRA spending will do for jobs in the private sector, especially with heavy infrastructure spending by departments like DOT that takes longer to roll out

VI. Public Comments

There were no comments or questions from members of the public present at the meeting.

VII. Adjournment

With a reminder that the next meeting would be held following completion of the 2010 legislative session, the meeting was adjourned at 11:15 a.m.